CACADU DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 41, in terms of Section 12(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

D Pillay

D M Pillay
Municipal Manager

31 August 2007
Date

CACADU DISTRICT MUNICIPALITY

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CACADU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2007

	Note	2007 R	2006 R
Net Assets		160,914,213	140,423,249
Capital Replacement Reserve	2	47,306,735	47,966,667
Government Grant Reserve	2	1,793,799	1,758,248
Accumulated Surplus		111,813,679	90,698,334
Non-current Liabilities		68,682,785	67,520,761
Long-Term Liabilities	3	14,482,785	15,020,761
Provisions	3	54,200,000	52,500,000
Current Liabilities		85,434,740	92,528,513
Accounts Payable	8	17,894,469	22,354,856
Short term portion of deferred income	9	67,074,063	69,721,846
Short term portion of long term liabilities	3	466,208	451,811
TOTAL NET ASSETS AND LIABILITIES		315,031,738	300,472,524
ASSETS			
Non-Current Assets		63,226,897	71,894,226
Property, Plant And Equipment	10	55,272,934	57,818,706
Long-Term Receivables	12	7,953,963	14,075,520
Current Assets		251,804,842	228,578,297
Inventory	13	1,105,000	-
Accounts receivable	14	2,108,703	6,958,801
Short term portion of long-term receivables	12	169,473	162,320
Deposits		17,720	15,130
Cash and cash equivalents		248,403,946	221,442,046
TOTAL ASSETS		315,031,738	300,472,524

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

Budget 2006	Budget 2007		Note	Actual 2007	Actual 2006
R	R			R	R
		REVENUE			
19,200,000	-	Regional Services Levy- Turnover		4,682,140	19,630,711
10,800,000	-	Regional Services Levy- Remuneration		2,285,722	11,787,254
871,000	800,000	Rental		811,120	734,275
10,350,000	16,200,000	Investment Interest		18,138,072	13,421,124
350,400	106,500	Other Interest		375,003	574,610
80,000	40,000	Income for agency services		88,536	90,892
94,768,617	326,766,564	Government grants and subsidies	18	98,003,962	89,346,338
87,100	87,300	Tariffs and Charges		196,716	153,503
30,000	30,000	Property Rates		27,134	27,168
19,396,862	36,618,137	Other income	19	4,754,703	9,250,572
-	-	Gains on disposal of property, plant and equipment		12,218	-
155,933,979	380,648,501	**Total Income**		129,375,325	145,016,445
		EXPENDITURE			
26,835,600	29,392,562	Employee related costs	20	25,993,250	23,290,009
2,883,100	3,194,300	Remuneration of Councillors	21	3,646,310	2,686,994
-	-	Contribution to bad debt provision	22	(1,339,961)	1,282,585
-	-	Bad debts written off		54,913	61,022
1,400,000	235,000	Collection costs		331,565	901,402
478,300	741,900	Depreciation		2,171,890	990,046
4,717,600	1,512,050	Repairs and maintenance		1,301,181	2,678,539
-	-	Interest on External Borrowings	23	282,263	149,126
3,176,000	3,147,300	Contracted services		2,270,223	2,673,135
82,070,017	278,158,740	Grants and Subsidies paid	25	46,152,901	70,417,655
34,974,162	70,997,044	General expenses-other		28,386,837	26,546,151
-	1,200,000	Provision for post retirement benefits		1,700,000	1,600,000
-	-	Loss on disposal of property, plant and equipment		23,071	28,461
1,456,300	261,545	Cross subsidisation		43,191	38,731
(2,057,100)	(2,195,800)	Interdepartmental Charges		(2,133,275)	(1,850,414)
155,933,979	386,644,641	**Total Expenditure**		108,884,361	131,493,440
-	(5,996,140)	**Net Surplus / (Deficit) for the year**		20,490,964	13,523,005

Refer to Appendix E(1) for explanations of variances

(Note: the income statement has been prepared in accordance with GRAP 1 and the budget formats)

CACADU DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	Capital Replacement reserve (CRR)	Government Grant Reserve	Unappropriated Surplus	Total
	R	R	R	R
Balance at 30 June 2005	48,752,581	1,916,824	20,988,327	71,657,732
2006				
Adjustments				
Accounts payable previously understated	-	-	(908,971)	(908,971)
Overstatement of accumulated depreciation	-	-	1,845,179	1,845,179
Understatement of previous years deferred income	-	-	439,941	439,941
Reversal of overstated provision	-	-	559,884	559,884
Implementation of GAMAP/GRAP	-	-		
Understatement of finance leases	-	-	(291,797)	(291,797)
Understatement of motor vehicles financed	-	-	267,023	267,023
Increase of assets as a result of change in policy (GAMAP/GRAP)	-	-	47,764,060	47,764,060
Overstatement of accumulated depreciation	-	-	2,974,783	2,974,783
Understatement of accounts receivable(VAT)	-	-	564,849	564,849
Overstatement of provisions (leave)	-	-	1,193,291	1,193,291
Overstatement of accounts payable	-	-	5,128	5,128
Understatement of debtors	-	-	4,409	4,409
Changes in accounting policy	-	-	-	-
Restated balance	48,752,581	1,916,824	75,406,106	126,075,511
Net Surplus for the year	-	-	13,644,566	13,644,566
Capital purchases	-	349,378	(349,378)	-
PPE purchased from CRR	(785,913)	-	785,913	-
Offsetting of depreciation.	-	(507,955)	507,955	-
As previously stated at 30 June 2006	47,966,668	1,758,247	89,995,162	139,720,077
Adjustments:				
Change in policy to GAMAP/GRAP				
Overstatement of finance lease	-	-	93,464	93,464
Understatement 2006 accounts payable	-	-	(1,204,524)	(1,204,524)
Understatement of accounts receivable(VAT)	-	-	679,908	679,908
Understatement of assets	-	-	1,135,292	1,135,292
Overstatement of debtors	-	-	(968)	(968)
Restated at 30 June 2006	47,966,668	1,758,247	90,698,334	140,423,249
2007				
Changes in accounting policy	-	-	-	-
Restated balance	47,966,668	1,758,247	90,698,334	140,423,249
Net Surplus for the year	-	-	20,490,964	20,490,964
Capital purchases	-	290,167	(290,167)	-
PPE purchased from CRR	(659,933)	-	659,933	-
Transfer to Government Grant reserve	-	324,100	(324,100)	-
Offsetting of depreciation.	-	(578,715)	578,715	-
Balance at 30 June 2007	47,306,735	1,793,799	111,813,679	160,914,213

CACADU DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

		2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from levies, government and other		115,942,103	115,942,103
Cash paid to suppliers and employees		(141,233,861)	(141,233,861)
Cash generated from operations	27	6,926,597	(20,061,330)
Interest received		18,138,072	13,995,734
Interest paid		(282,263)	(149,126)
Non-operating income charged against provisions		-	-
NET CASH FROM OPERATING ACTIVITIES		24,782,406	(6,214,722)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment.		(950,100)	(1,379,287)
Proceeds on disposal of fixed assets.		186,552	85,602
(Increases)/Decreases in non-current loans		6,114,403	131,320
(Increases)/Decreases in investments			
NET CASH FROM INVESTING ACTIVITIES		5,350,856	8,837,636
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance leases repaid		(523,579)	(401,310)
(Decrease) in deferred income		(2,647,783)	(15,674,501)
NET CASH FROM FINANCING ACTIVITIES		(3,171,362)	(16,075,811)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	28	**26,961,899**	**(13,452,897)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**221,442,046**	**234,894,944**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**248,403,946**	**221,442,046**

CACADU DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

1. Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.[1]	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

The entity has elected to early adopt the following requirement(s) in GRAP, GAMAP or SA GAAP, which were exempted in terms of General notice 552 of 2007:

Standard no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s), exempted in terms of General notice 552 of 2007, that have been early adopted
GRAP 03	Accounting policies, changes in accounting estimates and errors	▪ Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – 31)
		▪ Changes in accounting policies (GRAP 3.14, 19)
GAMAP 12	Inventories	▪ The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP17.
GAMAP 17	Property, plant and equipment	▪ Review of useful life of items of PPE recognised in the annual financial statements (GAMAP 17.69 – 61, 77)
		▪ Review of depreciation method applied to PPE recognised in the annual financial statements (GAMAP 17.62, 77)
IAS 17 (AC 105)	Leases	▪ Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 – 34 and 50 – 51, SAICA circular 12/06.8 – 11)
IAS 40 (AC 135)	Investment property	▪ The entire standard to the extent that the property is accounted for in terms of GAMAP 17

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, plant and equipment, is stated at cost, less accumulated depreciation. Land is not depreciated as it is deemed to have an indefinite life.

Where it was impracticable to determine cost at first adoption of GAMAP/GRAP, we have utilised the transitional provision of GAMAP 17, which allows that the asset be valued at fair value, which would constitute cost.

Where the cost of an item of property, plant and equipment was acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets it was measured at the cost of the carrying amount of the asset given up.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and shall be depreciated according to their different useful life.

The gains and losses arising from the derecognition of property, plant and equipment (difference between carrying amount less net disposal proceeds) are included in surplus or deficit when the item is derecognized.

The residual value and the useful life of each asset are reviewed annually.

The depreciation charge for each year is recognized in surplus and deficit unless it is included in the carrying amount of another asset.

Assets held under finance leases are depreciated over their expected useful lives on the same bases as owned assets.

Depreciation is calculated on cost less residual value, using the straight line method, over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
Buildings	50		
Specialised vehicles	5-20	Electricity	5-30
Motor vehicles	5-10	Water	5-20
Office equipment	2-10	Sewerage	15-20
Furniture and fittings	7-15	Bins and containers	5-10
Specialised plant and equipment	5-15		
Computer equipment	2-10		

Construction work

Current year policy
Incomplete construction work is recognised on the percentage of completion method and accounted for as construction work in progress and only capitalized once the asset has been completed. Depreciation only commences when the asset is commissioned into use.

Prior year policy
Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

The accounting policy for impairment of non cash generating assets and impairment of cash-generating assets is in accordance with the exemptions in Gazette no. 30013 of 29 June'07

5. RESERVES

5.1 Capital Replacement Reserve (CRR)

Current year policy
In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR in accordance with council policy

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

Prior year policy

In order to finance the purchase of items of property, plant and equipment amounts are transferred out of the net surplus for a period (when needed) into the Capital Replacement Reserve (CRR). These transfers from the net surplus may only be made if they are backed by cash. The following provisions are set for the creation and utilisation of the CRR:

- The cash backing up the CRR is invested, in accordance with the investment policy of the Council, until it is utilised.
- Interest earned on the CRR investment is recorded as interest earned in the with Statement of Financial Performance and may be appropriated to the CRR in accordance with council policy
- The CRR may only be utilised for the purpose of purchasing items or construction of property, plant and equipment for the Council and may not be used for the maintenance of these items. If Council wants to utilise the CRR for expensing something other than PPE an amount equal to the expense must be transferred to net surplus.
- If a profit is made on the disposal of PPE other than land the profit on these assets sold is reflected in the statement of financial performance and is then transferred via the statement of changes in net assets to the CRR provided that it is backed by cash. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

5.2 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

6. PROVISIONS

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If the municipality has an onerous contract, the present obligation under the contract shall be recognized and measured as a provision.

7. EMPLOYEE BENEFITS

Current year policy

7.1. Defined Contributions

Payments to defined contribution retirement benefit plans are charged to the financial performance as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

The Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Council for the remaining 70%. The medical aid contributions are charged to the financial performance as they fall due.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefits contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

7.2 Defined Benefits

The municipality's net obligation in respect of defined benefit retirement and post retirement plans are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the statement of financial performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of financial performance.

7.3 Accrued Leave Pay
The leave pay accrual is calculated taking into account the municipality's leave pay accrual policy.

Prior year policy

Retirement Funds
The Council and its employees contribute to various Pension Funds and its councillors may contribute to the various Pension Funds. These funds provide retirement benefits to such employees and councillors.
The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefits contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds. Current contributions are charged against the operating account of the Council at a percentage of the basic salary paid to employees, or allowances in the case of councillors.

Medical Aid: Continued Members
The Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Council for the remaining 70%.

Accrued Leave Pay
Liabilities for annual leave are recognised as they accrue to employees. The leave pay accrual is calculated taking into account the municipality's leave pay accrual policy.

The accounting policy for employee benefits is in accordance with the exemptions in Gazette no. 30013 of 29 Jun'07

8. LEASES

8.1 Municipality as the lessee

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases and where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments and the corresponding liabilities are raised. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

8.2 Municipality as the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

9. INVESTMENTS

The Municipality classifies its investments in the following categories:

- loans and receivables and
- held-to-maturity investments.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

9.1 Loans and receivables

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables, receivable within 12 months are included in trade and other receivables in the Statement of Financial Position.

9.2 Held-to-maturity investments

Held-to-maturity investments are fixed or determinable payments and fixed maturities that the municipality has the positive intention and ability to hold to maturity.

The accounting policy for financial instruments recognition, measurement and disclosures is in accordance with the exemptions in Gazette no. 30013 of 29 Jun'07

10. INVENTORIES

Current year policy
Unsold properties are valued at the lower of cost and net realisable value. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Prior year policy
Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

11. TRADE AND OTHER RECEIVABLES

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

12. TRADE AND OTHER PAYABLES

Current year policy
Trade and other payables are initially recognized at the cost of the present obligation of a past event.

Prior year policy
Trade creditors are stated at their nominal value.

13. REVENUE RECOGNITION

Revenue comprises the cost of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the Municipality. Revenue is recognised as follows:

13.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when consumed. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when consumed and accrued accordingly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

All other revenue is recognised as it accrues.

13.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the cost of the consideration received or receivable.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.
Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

14. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

The accounting policy for conditional grants and receipts is in accordance with the exemptions in Gazette no. 30013 of 29 Jun'07

15. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the invoice basis.

16. SEGMENTAL INFORMATION

Current year policy
The principal segments have been identified on a primary basis by classification of the revenue and expenditure and on a secondary basis by the classification of service of operations. The secondary basis is representative of the internal structure for both budgeting and management purposes.

Prior year policy
The principal segments have been identified on a primary basis by service operation and on a secondary basis by the classification of revenue and expenditure. The primary basis is representative of the internal structure for both budgeting and management purposes. The secondary basis classifies all operations based on the classification of revenue and expenditure.

17. GRANTS-IN-AID

The Council transfers money, from time to time to, individuals, organisations and other sectors of government in accordance with the Municipal Finance Management Act.

18. CASH AND CASH EQUIVALENTS

Current year policy
Cash includes cash on hand and cash with banks. Cash equivalents are short – term, liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

Prior year policy
Cash includes cash on hand and cash with banks. Cash equivalents are short – term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.
For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.
Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

19. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the financial statement, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

22. COMPARATIVE INFORMATION

22.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

22.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

23. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance

24. CONSOLIDATION OF KOUGA DEVELOPMENT AGENCY (KDA)

The municipality has a 50% interest in The Kouga Development Agency (KDA). It exercises management control over the KDA. The accounting policy for consolidation of a subsidiary is in accordance with the exemptions in Gazette no. 30013 of 29 Jun'07

All the above accounting policy is in accordance with the exemptions in Gazette no. 30013 of 29 Jun'07

EXEMPTIONS

Cacadu District Municipality applied for the following exemptions in accordance with Gazette no. 30013 of 27 June 2007.

GAMAP 17 Property plant and equipment
- Impairment of non- cash generating assets [paragraphs 64-69 and 75(e)(v)-(vi)]
- Impairment of cash generation assets [paragraphs 63 and 75(e)(v) – (vi)]

IAS 36 (AC 128) Impairment of assets
- Entire standard

GAMAP 12 Inventories
- The entire standard to the extent that it relates to water stock the was not purchased by the municipality

IAS 19 Employee Benefits
- Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. [paragraphs 29, 48-119, 120A(c) – (q)]

IAS 39 (AC 133) Financial Instrument: Recognition and measurements
- Initially measuring financial assets and financial liabilities at fair value.(SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG65 of IAS 39/ AC 133)

IFRS 7 (AC 144) Financial Instruments: Disclosures
- Entire statement to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

IAS 20 (AC 134) Accounting for Government Grants and disclosures of government assistance

	2007 R	2006 R

2. RESERVES

Capital Replacement Reserve	47,306,735	47,966,667
Government Grant Reserve		
- Assets financed ex Government Grants	1,793,799	1,758,248
Total Reserves	**49,100,534**	**50,669,404**

The CRR is fully invested.

3. LONG- TERM LIABILITIES

Finance leases		
Finance leases	848,993	1,372,572
Sub total	848,993	1,372,572
Less: Current Portion transferred to current liabilities	(466,208)	(451,811)
	382,785	**920,761**

The finance leases are secured by hypothecs over motor vehicles with book values of R 1 054 140 (2006 : R 1 349 506) as per note 5. The finance leases interest rate fluxuate at .5% below prime and is repayable in monthly installments of R 50 050 per month.

Deferred income

Conditional Grants from Government	77,162,671	81,191,214
National Government Grants	37,458,921	61,910,665
Provincial Grants and subsidies	39,703,750	19,280,549
Conditional Third party Grants from Government.	3,972,789	2,582,509
Provincial Grants and subsidies - 3rd party	3,387,758	1,710,947
Other	585,031	871,562
Other donations	38,602	48,123
Total Conditional Grants and Subsidies	**81,174,063**	**83,821,846**
Less : Short term portion transferred to current liabilities	67,074,063	69,721,846
Total Defered income	**14,100,000**	**14,100,000**
Total long term liabilities	14,482,785	15,020,761

See **Appendix F** for a reconciliation of grants from National/Provincial Government. These amounts are fully invested until

Non-current provisions

Provision for Post Retirement Benefits.	54,200,000	52,500,000
Total Non-Current Provisions	54,200,000	52,500,000

	2007	2006
	R	R

The District Municipality's net obligation in respect of post retirement medical benefits was calculated by Arch Actuarial Consulting on the 30 August 2005 The value of the post retirement medical and pension benefits was arrived at by calculating the value of the subsidies at 30 June 2005 with escalations for 3 years. The key financial assumptions used were, discount rate 8.5%, Health care cost inflation rate (long term) 7% and net effective discount rate of 1.4%. Allowances were made for the increases in subsidies in the future at a rate equal to that of the expected medical aid inflation rate. The liability for CDM amounts to R54.2M. The contribution for the year under review amounts to R1.7m. The contribution has been funded from the accumulated surplus. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post retirement benefits.

	Post Retirement Benefits	
The movement in the provisions is reconciled as follows:-		
Balance at beginning of year	52,500,000	50,900,000
Contributions	2,745,774	2,968,471
Expenditure incurred	(2,745,774)	(2,968,471)
Increase in provision	1,700,000	1,600,000
Balance at end of year	54,200,000	52,500,000

4. ACCOUNTS PAYABLE

	2007	2006
Trade creditors	-	1,204,524
Payments in advance- RSC Levies	726,251	2,744,542
Payments in advance- Other	-	143
Payments in advance- Service debtors	11,096	10,190
Payments in advance - Sundry debtors	319,487	-
Payments in advance - Surety deposits	14,461	401,782
Unidentified deposits	54,002	516,788
Accrued leave	1,125,373	-
Deffered income	8	-
Infrastructure projects Levies	11,011,498	13,352,224
Salaries and Wages	204,353	356,190
Sundry creditors	86,607	98,687
Other Creditors	4,341,333	3,669,786
Total accounts payable	**17,894,469**	**22,354,856**

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Carrying Value
30th June 2007	R	R	R
Infrastructure	123,733	-	123,733
Community	-	-	-
Other	65,272,362	10,123,161	55,149,201
Totals	**65,396,095**	**10,123,161**	**55,272,934**
30th June 2006			
Infrastructure	485,254	-	485,254
Community	-	-	-
Other	65,397,049	8,063,596	57,333,452
Totals	**65,882,303**	**8,063,596**	**57,818,706**

	2007	2006
	R	R

All assets, other than Land and buildings, were valued and recorded in the asset register. Backlog depreciation was calculated according to GAMAP 17 taking into consideration the estimated lifespan.

Refer Appendixes A and B for more detail on property, plant and equipment.

6. LONG-TERM RECEIVABLES

	2007 R	2006 R
Loans to Kouga Local Municipality	209,183	334,736
Department of Housing (Housing Schemes)	7,855,461	13,862,888
Staff loans	58,791	40,215
	8,123,436	14,237,839
Less : Short-term portion transferred to current assets	169,473	162,319
Total Non-Current receivables	**7,953,963**	**14,075,520**

The loan to Kouga Local Municipality is unsecured, bears interest at 14.25 % per annum and is repayable in 30, 6 monthly payments.
The loan to the Department of Housing is unsecured, interest free and has no fixed terms of re-payment.

7. INVESTMENTS

Unlisted
CDM has a 50 percent share in the Kouga Development Agency (KDA)

8. INVENTORY

		2007 R	2006 R
Erf 722 Measuring 1,7164ha	6537	350,000	-
Erf 723 measuring 1331 m2	6538	130,000	-
Building - Grahamstown depot	7415	625,000	-
		1,105,000	-

The land and building is in the process of being transferred to Grahamstown Municipality and have been classfied as inventory.

9. ACCOUNTS RECEIVABLE

	2007 R	2006 R
Levies	2,456,578	3,365,780
Services	936,990	557,786
Rates	47,889	40,943
Sundry Debtors	990	44,524
Other Debtors - Rietbron	-	182,857
Rental	90,614	88,738
Accrued Rent	12,871	-
Staff accounts	5,576	4,977
Nelson Mandela Metropolitan debtors bank deposits	50,833	2,479,491
Electricification Project	-	-
General	381,825	2,950,976
Salaries and Wages	29,627	30,146
VAT	1,789,150	2,246,786
Total	**5,802,943**	**11,993,003**

	2007 R	2006 R
Less: Provision for bad debts	(3,694,240)	(5,034,200)
Balance at beginning of year	5,034,200	3,751,616
Contributions	(1,339,961)	1,282,585
Bad debts written off	-	-
Total Accounts Receivable	**2,108,703**	**6,958,803**

Regional Services Levies: Ageing

Current (0 - 30 days)	-	97,351
31 - 60 Days	-	179,610
61 - 90 Days	-	125,340
91 - 120 Days	-	103,997
121 - 150 Days	-	87,945
151 - 180 Days	-	91,312
+ 180 Days	2,456,578	2,680,225
Total	2,456,578	3,365,780

Services: Ageing

0 - 90 Days	63,509	21,344
+ 90 Days	873,481	533,000
Total	936,990	554,344

Rates : Ageing

0 - 90 Days	4,838	-
+ 90 Days	33,994	40,943
Total	47,889	40,943

SERVICE CHARGES

Sale of water	131,046	66,511
Refuse removal	22,685	19,391
Sewerage and sanitation charges	58,259	51,752
	211,990	137,654

The RSC Levies are collected by the Nelson Mandela Metropolitan Municipality on a contractual basis.
According to legislation passed during 2004/2005, the collection of RSC levies has been abolished effective 1 July 2006

10. DEPOSITS

Deposits - Electricity	5,500	5,500
Deposits - Parking	1,220	1,200
Deposits - Reitbron fuel	2,000	-
Deposits - Post Office	9,000	9,000
	17,720	15,130

	2007 R	2006 R

11. CASH AND CASH EQUIVALENTS

The Municipality has the following bank account:

Current Account (Primary Bank Account)

ABSA Limited
32 Govan Mbeki Avenue
Port Elizabeth
Account Number : 1640 000 062 (Current Account)

	2007 R	2006 R
Cashbook balance at the beginning of the year	3,430,008	7,890,844
Cashbook balance at the end of the year	3,865,929	3,430,008
Bank statement balance at the beginning of the year	7,933,832	9,574,043
Bank statement balance at the end of the year	12,435,889	7,933,832

Short Term Investments

Short Term Deposits		
Cashbook balance at beginning of year	218,066,939	227,000,000
Cashbook balance at end of the year	**244,534,917**	**218,066,939**
Bank statement balance at beginning of the year	218,066,939	227,000,000
Bank statement balance at end of the year	**244,534,917**	**218,066,939**

Which are disclosed in the Statement of Financial Position as follows:-

	2007 R	2006 R
Cash and cash equivalents	**248,403,946**	**221,442,047**
Bank Balances	3,865,929	3,430,008
Call Account Deposits	244,534,917	218,006,939
Petty cash	3,100	5,100
Balance at the end of the year	248,403,946	3,435,108
Balance at the beginning of the year	221,442,047	4,267,686
Net Increase/(Decrease) in cash and cash equivalents	**26,961,899**	**(832,578)**

Held to maturity investments		
Interest on investments accrued	1,534,917	1,006,939
Short Term Deposits	242,000,000	217,000,000
Short Term Deposits	243,534,917	218,006,939
Call Account Deposits	1,000,000	-
Total cash investments	244,534,917	218,006,939
Total Short Term Deposits	**244,534,917**	**218,006,939**

	2007 R	2006 R
Allocation of external investments		

Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-

	2007 R	2006 R
Reserves (Excluding Future Depreciation Reserves)	47,306,734	47,966,667
Provisions (Including Bad Debt Provision)	57,894,240	58,727,491
Conditional Grants and Receipts	81,145,861	83,832,046
Infrastructure projects from Levies	11,011,498	13,352,224
Unappropriated surplus	44,641,667	13,121,572
Total	**242,000,000**	**217,000,000**

12. GOVERNMENT GRANTS AND SUBSIDIES

	2007 R	2006 R
Government Grants		
Equitable share	41,734,852	3,292,473
Skills Development	-	714,451
Disaster Management	-	1,000,000
Restructuring Grant - LED	-	2,000,000
Restructuring Grant - Capacity Building	-	500,000
Restructuring Grant - Development Facilitation	794,395	13,692,334
Other		
Total Government Grants	**42,529,247**	**21,199,258**
Provincial Subsidies		
Contribution to Retirement benefits- (Roads pensioners)	2,897,345	2,924,503
Environmental Health	4,028,471	3,800,444
Total Provincial Subsidies	**6,925,816**	**6,724,947**
Total Government Grants and Subsidies received	**49,455,063**	**27,924,205**
National/Provincial Government Grant funding (expenditure reimbursement)		
GOAT FARMING AT IKHWEZI LM	99,446	
DROUGHT RELIEF	887,456	6,416
LIBRARIES - MUNICIPALITIES	2,951,453	353,194
MAYOR'S SPECIAL PROJECTS	12,969	63,382
DISASTER MANAGEMENT	2,773,014	3,070,893
COMMUNITY DEVELOPMENT WORKERS	-	840,642
FINANCE MANAGEMENT GRANT	1,132,978	871,241
HIV/AIDS ATICCS	-	311,000
HIV/AIDS DISTRICT AIDS COUNCIL	-	9,979
PAYMENT OF STIPEND TO VOLUNTEE	-	1,102,704
HIV/AIDS NGO FUNDING	-	505,884
HIV/AIDS MEDICATIONS	1,688,439	1,779,604
HIV/AIDS LSA ACTIVITIES	695,964	1,575,394
HIV/AIDS HOME BASED CARE KIT TOP	-	53,189
IKWEZI LIBRARY	89,525	137,248
MUNICIPAL SYSTEM IMPROVEMENT GRANT	1,297,499	4,398,968
IDP SUPPORT GRANT FOR LM'S AND DM'S	849,141	9,211
RESTRUCTURING GRANT	3,666,200	6,089,243
STEYTLERVILLE SPORT FIELD	15,136	-
AMBULANCE SUBSIDY	1,370,566	565,010
SPACIAL DEVELOPMENT FRAMEWORK- DHLG & TA	63,666	86,334

	2007 R	2006 R
INTER-GOVERNMENTAL RELATIONS	-	103,541
LONGMORE FLOWER TRAIL	40,000	760,000
HOUSING PROJECTS	7,339,643	4,638,894
PEOPLES HOUSING PROJECT	1,063,006	5,467,821
ECONOMIC GROWTH AND DEV STRATEGY - DFID	245,900	54,100
THORNHAM - WATER SUPPLY	-	36,052
MUNICIPAL GRANT LED	112,000	-
GRANT DBSA-CDM SPATIAL DATA BA	-	1,267,094
IKWEZI YOUTH DEVELOPMENT	136,063	295,738
IKWEZI MSP	-	45,101
IKWEZI - HARDWOOD FARM	699,099	475,568
IKWEZI FINANCIAL AID	75,970	-
NDLAMBE DISABILITY SPECIAL PROJECTS	36,936	-
PASSENGER TRANSPORT PLANS AND FACILITIES	457,858	2,939,701
ELECTION ELECTIONS	-	80,646
PLANNING AND RUDIMENTARY SERVICES	244,100	-
PILOT HOUSING PROJECT - ADDO	-	251,988
PILOT HOUSING PROJECT THORNHILL	-	-
DISTRICT WIDE PROJECTS - EX TRC	108,756	5,700
ABERDEEN TRC	-	233,130
LAND SURVEY PROJECTS	41,500	-
ALBANY TRC	-	664,336
SPATIAL PLANNING PROJECTS	75,000	-
DEPT AGRICULTURE; DEV A SPAC	427,500	-
TOWN PLANNING SERVICES	-	17,278
KIRKWOOD TRC - ADDO (I.D.P.)	-	-
WILLOWMORE TRC	-	193,656
MULTIANNUAL ACTION PLANS - MAAP	1,016,588	3,096,717
MIG	6,605,695	17,745,703
DEPT OF SPORT, RECREAT. ARTS AND CULTURE	32,009	166,680
PUBLIC WORKS PROJECTS	-	221,061
BUILDING FOR SPORT AND RECREATION .	732,743	832,092
VALUATION PROJECTS	1,875,374	-
BLUE CRANE ROUTE: MUNICIPAL FINANCE IT	118,590	-
BLUE CRANE ROUTE: MUNICIPAL FINANCE AFS	123,690	-
BLUE CRANE ROUTE: MUNICIPAL FINANCE MENTOR	41,540	-
VINHANZO BAARTMAN (BURSARY)	1,540	-
THUMEKA TONI	1,890	-
FLOOD DAMAGE ROADS	9,012,457	-
BCR - MISTY MOUNTAIN FLOWER PROJECT	290,000	-
Total National/Provincial Government Grants (expenditure reimbursements)	**48,548,899**	**61,422,133**
TOTAL GOVERNMENT GRANTS AND SUBSIDIES	**98,003,962**	**89,346,338**

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to the DMA and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

13. OTHER INCOME

	2007 R	2006 R
Finance charges to funding	648,424	1,809,404
Contribution from Skill Development Fund	202,989	-
Contributions from Local Municipalities-Job Description Unit	640,499	-
Printing Costs Recovered	573,525	-
Infrastructure projects funded from Infrastructure Contigency Fund (ICF)	2,288,230	-
Other	401,036	2,740,657
Total Other Income	**4,754,703**	**4,550,061**

14. EMPLOYEE RELATED COSTS

	2007 R	2006 R
Salaries and wages	19,144,869	16,748,331
Social contributions	6,848,381	6,541,678
	25,993,250	**23,290,009**
Remuneration of the Municipal Manager		
Annual Remuneration	613,441	431,320
Car Allowance	161,063	156,000
Performance Bonus	102,851	45,544
Total	**877,355**	**632,864**
Remuneration of the Director Finance and Corporate Services.		
Annual Remuneration	570,309	421,758
Car Allowance	103,667	100,000
Performance Bonus	93,636	40,584
Total	**767,612**	**562,342**
Remuneration of the Manager of Health		
Annual Remuneration	303,556	309,417
Car Allowance	102,528	96,000
Performance Bonus	61,182	26,400
Total	**467,266**	**431,817**
Remuneration of the Director Infrastructure		
Annual Remuneration	509,621	346,231
Car Allowance	100,000	92,667
Performance Bonus	74,572	28,832
Total	**684,193**	**467,730**
Remuneration of the Director Development Facilitation	6 Months	
Annual Remuneration	276,374	463,671
Car Allowance	50,000	100,000
Performance Bonus	87,262	44,058
Total	**413,636**	**607,729**

	2007 R	2006 R
REMUNERATION OF COUNCILLORS		
Executive Mayor	503,407	385,697
Deputy Executive Mayor	-	-
Speaker	391,256	171,425
Mayoral Committee members	1,872,193	1,507,351
Councillors	1,034,476	725,893
Councillors' pension and Medical contribution	-	21,294
Total Councillors' Remuneration	**3,801,332**	**2,811,660**

An amount of R155 023 is included and represents cellular telephone allowances

In-kind Benefits

The Executive Mayor is full-time and with the Mayoral Committee Members is provided with an office and secretarial support

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of

15. INTEREST ON EXTERNAL BORROWINGS

	2007	2006
Finance leases	282,263	149,126
Total interest on External Borrowings.	**282,263**	**149,126**

16. BULK PURCHASES

	2007	2006
Water purchases	15,791	55,776

17. GRANTS AND SUBSIDIES PAID

	2007	2006
Tourism (District Tourism Organisation)	650,482	860,000
Mayors contingency fund		175,519
Housing	-	7,760,000
Local economic development	-	11,794
Other	20,909,648	-
Expenditure charged against conditional grants	48,548,898	-
Total Grants and Subsidies paid	**70,109,028**	**8,807,313**

18. CASH GENERATED BY OPERATIONS

	2007 R	2006 R
Net surplus for the year	20,490,964	13,523,005
Adjustment for:-		
Depreciation	2,171,890	990,046
(Gain)/Loss on disposal of property, plant and equipment	10,854	28,461
Provision for post retirement benefits	1,700,000	1,600,000
Contributions to bad debt provision	(1,339,961)	1,282,585
Contribution (from)/to reserves	21,575	(12,793,620)
Investment income	(18,138,072)	(13,733,744)
Interest paid	282,263	48,836
Operating surplus before working capital changes:	**5,199,513**	**(9,054,432)**
Decrease/(Increase) in inventories	-	-
(Increase)/Decrease in accounts receivable	6,190,061	(4,471,777)
(Increase)/Decrease in deposits	(2,590)	
(Increase)/Decrease in VAT		
Increase/(Decrease) in accounts payable	(4,460,387)	(6,535,121)
Cash generated by operations	**6,926,597**	**(20,061,330)**

19. EXTERNAL LOANS RECONCILIATION

Cacadu District Municipality has external loans in the form of finance leases. Refer Appendix A

20. CONTINGENT LIABILITY

We are not aware of any pending or threatened litigation, proceedings, hearings, claims or negotiations which may result in significant loss to the Development Agency.

21. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

No such expenditure was incurred during the period.

ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL

22. Contributions to SALGA

	2007 R	2006 R
Opening balance	-	-
Council subscriptions	204,140	219,547
Amount paid - current year	(204,140)	(219,547)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

23. Audit fees

	2007 R	2006 R
Opening balance	-	-
Current year audit fee	796,814	664,923
Amount paid - current year	(864,558)	(664,923)
Amount paid - previous years	-	-
Balance due (included in debtors)	(67,744)	-

	2007 R	2006 R

24. VAT

Input tax	(2,468,550)	(2,031,446)
Output tax	679,400	1,029,418
NET VAT -(receivable)/payable	**(1,789,150)**	**(1,002,028)**

All Vat returns have been submitted by the due date throughout the year.

25. PAYE and UIF

Opening balance	2,969	(16,097)
Current year payroll deductions	5,869,499	5,852,641
Amount paid - current year	(5,863,207)	(5,849,672)
Amount paid - previous years	(2,969)	16,097
Balance unpaid (included in debtors)	**6,292**	**2,969**

The balance represents PAYE and UIF paid to SARS on behalf of employees

26. Pension and Medical Aid Deductions

Opening balance	(50,102)	(3,144)
Current year payroll deductions and Council Contributions	2,404,164	2,899,399
Amount paid - current year	(2,404,164)	(2,949,501)
Amount paid - previous years	(389)	3,144
Balance unpaid (included in creditors)	**(50,491)**	**(50,102)**

27. CAPITAL COMMITMENTS

A capital commitment of R 14.1m exists for the construction of a new office building in Jeffreys Bay. This amount has been ringfenced and is recorded in the Restructuring Grant account.

28. OPERATING COMMITMENTS

Operating leases - as lessee (expense): photostat and facsimile machines

Minimum future lease payments due (refer to Appendix G for more detail)

-within one year	206,296	-
-second to fifth year inclusive	354,303	-
Total	560,599	-

29. CONTINGENT LIABILITIES

A possible liability exists in respect of group life insurance claims that have been	500,000	-

	2007	2006
	R	R

30. RETIREMENT BENEFIT INFORMATION

Post- Retirement Medical Benefit
Provision is made for post retirement medical benefits in the form of health care plans for eligible employees and pensioners

Pension and Retirement Fund Benefits
Employees and Council contribute to the Cape Joint Pension and Retirement Funds on the basis of a fixed contribution which is charged against income as incurred.

31. Post- Retirement Medical Benefit

Provision is made for post retirement medical benefits in the form of health care plans for eligible employees and pensioners

Pension and Retirement Fund Benefits
Employees and Council contribute to the Cape Joint Pension and Retirement Funds on the basis of a fixed contribution which is charged against income as incurred.

32. IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations and assistance were made during the year

33. AGENCY FUNCTIONS

The District Municipality provides the following service on an agency basis

Primary Health Care

	2007 R	2006 R
Subsidy received	17,527,959	18,007,232
Expenditure incurred	17,527,959	16,376,009
Surplus	-	1,631,223

34. RISK MANAGEMENT

Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity through an ongoing review of future commitments and credit facilities.

Stringent cash management procedures are in place. These include cash flow forecasting.

Interest rate risk

Deposits attract interest at a rate that varies according the the prime banking rate. The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The Municipality only deposits cash with the five major banks which have an equity above R 6 billion with good credit rating. The Municipality also limits exposure according to a pre determined formulae.

	2007	2006
	R	R

Consumer debtors comprise a widespread customer base. Management evaluates credit risk relating to consumers on an ongoing basis.

35. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

Refer to Appendix E (1) for the comparison of actual operating expenditure versus budgeted operating expenditure.

ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

Refer to Appendix E (2) for the comparison of actual capital expenditure versus budgeted capital expenditure.

36. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

Refer to Appendix E (1) for the comparison of actual operating expenditure versus budgeted operating expenditure.

37. ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

Refer to Appendix E (2) for the comparison of actual capital expenditure versus budgeted capital expenditure.

38. EVENTS AFTER THE REPORTING DATE

The provincialisation of the Health Agency function will have a direct effect on the support functions of the Municipality and will result in a

39. COMPLIANCE WITH CHAPTER 11 OF THE MUNICIPAL FINANCE MANAGEMENT ACT

The Municipality has adopted a Supply Chain Management policy with effect from 1 January 2006 in accordance with the Act and

40. EVENTS AFTER THE REPORTING DATE

The provincialisation of the Health Agency function will have a direct effect on the support functions of the Municipality and will result in a reduction in income from administration fees.

41. COMPLIANCE WITH CHAPTER 11 OF THE MUNICIPAL FINANCE MANAGEMENT ACT

The Municipality has adopted a Supply Chain Management policy with effect from 1 January 2006 in accordance with the Act and applicable regulations. However, the Municipality has experienced difficulties in populating a comprehensive supplier database which is due to a poor response from potential suppliers. As a result the application of the regulations have not been fully implemented.

APPENDIX A

CACADU DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS	LOAN NUMBER	REDEEMABLE	BALANCE AT 30/06/2006	RECEIVED DURING THE PERIOD	ADJUSTMENTS	REDEEMED WRITTEN OFF DURING THE PERIOD	BALANCE AT 30/06/2007	NET BOOK VALUE OF FINANCE LEASES	OTHER COSTS IN ACCORDANCE WITH MFMA
			R	R	R	R	R	R	R
LEASE LIABILITY									
Vehicle finance lease - DHG 880 EC	1	2009/02/20	163,664	16,176	-	70,076	109,764	135,157	-
Vehicle finance lease - DHN 456 EC	2	2009/04/03	99,320	17,438	-	48,935	67,823	82,449	-
Vehicle finance lease - DHM 454 EC	3	2009/04/03	99,320	17,438	-	48,935	67,823	82,449	-
Vehicle finance lease - DHD 265 EC	4	2009/02/24	108,939	4,762	-	113,701	-	-	-
Vehicle finance lease - DHF 730 EC	5	2009/02/27	96,878	17,136	-	48,946	65,068	80,279	-
Vehicle finance lease - DHD 277 EC	6	2009/02/24	108,939	10,486	-	47,657	71,768	92,510	-
Vehicle finance lease - DHD 723 EC	8	2009/02/23	81,034	17,624	-	45,146	53,512	68,688	-
Vehicle finance lease - DHM 433 EC	9	2009/04/03	99,320	17,438	-	48,935	67,822	82,449	-
Vehicle finance lease - DHD 245 EC	10	2009/02/23	108,939	10,486	-	47,657	71,768	92,654	-
Vehicle finance lease - DHN 631 EC	11	2009/02/20	112,652	10,942	-	48,042	75,552	93,030	-
Vehicle finance lease - DHD 254 EC	12	2009/02/24	98,630	16,049	-	47,507	67,171	80,912	-
Vehicle finance lease - DHR 646 EC	13	2009/04/03	99,320	17,478	-	48,975	67,822	82,449	-
Vehicle finance lease - DHD 725 EC	14	2009/02/24	95,619	17,276	-	49,796	63,099	81,113	-
			1,174,238	190,730	-	714,309	848,993	1,054,140	-

APPENDIX B

CACADU DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Classification	Cost				Accumulated Depreciation				Carrying Value	Budget Additions 2007
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
INFRASTRUCTURE ASSETS										
Land Car Parks	205,000	-	-	205,000	-	-	-	-	205,000	-
Street Lighting	280,254	-	-	280,254	98,986	24,747	-	123,733	156,521	-
	485,254	-	-	485,254	98,986	24,747	-	123,733	361,521	-
OTHER ASSETS										
Bins and containers	10,821	-	-	10,821	8,656	-	-	8,656	2,164	-
Bulk Containers	10,821	-	-	10,821	8,656	-	-	8,656	2,164	-
Buildings	28,044,043	-	2	28,044,041	2,243,523	560,881	-	2,804,404	25,239,637	15,000,000
Office Building	28,044,043	-	2	28,044,041	2,243,523	560,881	-	2,804,404	25,239,637	15,000,000
Computer equipment	4,753,304	485,476	17,138	5,221,642	3,051,878	558,803	11,841	3,598,840	1,622,802	590,000
Computor Hardware	4,201,447	485,476	17,138	4,669,785	2,769,267	475,661	11,841	3,233,088	1,436,697	590,000
Office Machines	551,857	-	-	551,857	282,611	83,141	-	365,752	186,105	-
Furniture and fittings	1,002,997	59,838	17,000	1,045,834	227,612	52,395	17,000	263,007	782,827	59,900
Office Machines	18,916	5,999	17,000	7,916	18,608	454	17,000	2,062	5,853	6,000
Chairs	395,370	24,358	-	419,728	90,043	20,589	-	110,632	309,096	24,400
Tables/Desks	271,156	6,619	-	277,775	54,633	14,097	-	68,730	209,045	6,500
Cabinets/Cupboards	295,254	20,422	-	315,676	58,028	16,188	-	74,216	241,460	20,500
Miscellaneous	22,300	2,440	-	24,740	6,300	1,066	-	7,366	17,374	2,500
Land	24,793,030		1,105,000	23,688,030	-	-	-	-	23,688,030	-
Ambulance Stations	140,000	-	-	140,000	-	-	-	-	140,000	-
Beach Developments	1,900,000	-	-	1,900,000	-	-	-	-	1,900,000	-
Community Centres	150,000	-	-	150,000	-	-	-	-	150,000	-
Game Reserves/Rest Camps	7,857,730	-	-	7,857,730	-	-	-	-	7,857,730	-
Outdoor Sports Facilities	220,000	-	-	220,000	-	-	-	-	220,000	-
Caravan Parks	2,200,000	-	-	2,200,000	-	-	-	-	2,200,000	-
Housing Schemes	25,000	-	-	25,000	-	-	-	-	25,000	-
Office Building	1,390,000	-	-	1,390,000	-	-	-	-	1,390,000	-
Training Centres	40,000	-	-	40,000	-	-	-	-	40,000	-
Workshops/Depots	3,353,000	-	1,105,000	2,248,000	-	-	-	-	2,248,000	-
Land	6,077,300	-	-	6,077,300	-	-	-	-	6,077,300	-
Miscellaneous	1,440,000	-	-	1,440,000	-	-	-	-	1,440,000	-
Motor vehicle	3,900,706	116,002	269,968	3,746,740	1,113,410	660,058	56,285	1,717,183	2,029,556	-
Ambulances	274,149	-	-	274,149	144,101	46,605	-	190,707	83,442	-
Motor Vehicles	2,365,958	116,002	269,968	2,211,992	545,733	399,151	56,285	888,599	1,323,393	-
Trucks/Bakkies	1,260,598	-	-	1,260,598	423,576	214,302	-	637,878	622,721	-

APPENDIX B

CACADU DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Classification	Cost				Accumulated Depreciation				Carrying Value	Budget Additions 2007
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
Office equipment	874,994	34,123	27,200	881,917	472,966	112,943	27,200	558,708	323,209	35,100
Office Machines	227,518	15,484	27,200	215,802	148,074	27,196	27,200	148,070	67,732	16,100
Cabinets/Cupboards	500	-	-	500	194	48	-	242	258	-
Miscellaneous	183,376	18,639	-	202,015	64,203	21,064	-	85,267	116,749	19,000
Radio Equipment	461,400	-	-	461,400	259,224	64,316	-	323,540	137,860	-
Telecommunication Equipment	2,000	-	-	2,000	1,120	280	-	1,400	600	-
General	200	-	-	200	152	38	-	190	10	-
Specialised plant and equipment	1,476,908	254,661		1,731,568	672,429	156,698	-	829,127	902,442	240,000
Office Machines	579,090	-	-	579,090	346,462	58,074	-	404,536	174,554	-
Tables/Desks	4,000	-	-	4,000	2,240	560	-	2,800	1,200	-
Miscellaneous	107,000	166,051	-	273,051	62,162	27,288	-	89,450	183,601	150,000
Emergency Lights	11,272	-	-	11,272	527	2,209	-	2,736	8,536	-
Lawnmower	1,500	-	-	1,500	810	135	-	945	555	-
Compressor	-	4,250	-	4,250	-	254	-	254	3,996	5,000
Laboratory Equipment	5,000	-	-	5,000	2,571	643	-	3,214	1,786	-
Radio Equipment	703,450	-	-	703,450	235,920	58,980	-	294,900	408,550	-
Firearms	1,500	-	-	1,500	480	120	-	600	900	-
General	64,096	84,359	-	148,455	21,257	8,435	-	29,692	118,764	85,000
Specialist vehicles	377,355			377,355	122,010	32,335	-	154,345	223,010	-
Fire	20,000	-	-	20,000	7,840	1,960	-	9,800	10,200	-
Trucks/Bakkies	87,381	-	-	87,381	22,378	7,427	-	29,806	57,575	-
Graders	183,474	-	-	183,474	62,381	15,595	-	77,977	105,498	-
Tractors	86,500	-	-	86,500	29,410	7,353	-	36,763	49,738	-
Water	162,893	-	-	162,893	52,126	13,031	-	65,157	97,736	-
Supply/Reticulation	162,893	-	-	162,893	52,126	13,031	-	65,157	97,736	-
Grand Total	65,882,303	950,100	1,436,308	65,396,095	8,063,596	2,171,890	112,326	10,123,161	55,272,934	15,925,000

APPENDIX C
CACADU DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
30 JUNE 2007

FUNCTIONAL AREA	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE
	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	
EXECUTIVE AND COUNCIL									
Council's Expenses									
Council's Expenses	139,179	17,528	-	156,707	62,521	8,076	-	70,597	86,110
Health Management									
Nursing Services Administration	390,396	44,649	24,200	410,844	186,848	57,309	24,200	219,957	190,887
Directorate : Infrastructure Management	308,684	12,083		320,767	132,610	35,147	-	167,757	153,010
Directorate : Finance & Administration Management	283,902	-	15,138	268,764	153,371	20,481	9,841	164,011	104,753
Office Of The Mayor									
Auxiliry Services	600	-	-	600	128	32	-	160	440
Mayoral Committee	1,039,753	106,050	-	1,145,804	257,397	165,017	-	422,414	723,390
Secretariat	47,658	41,880	-	89,538	24,517	7,721	-	32,238	57,300
Office Of The Municipal Manager									
Management	361,608	37,814	-	399,422	149,889	51,336	-	201,226	198,197
	2,571,780	260,004	39,338	2,792,446	967,280	345,120	34,041	1,278,359	1,514,087
FINANCE AND ADMINISTRATION									
FINANCE									
Creditors	36,629	-	-	36,629	10,471	5,384	-	15,855	20,773
Financial Accounting Division	184,188	22,008	-	206,196	83,711	25,029	-	108,740	97,456
Revenue Collection	99,225	4,647	-	103,872	43,616	14,216	-	57,832	46,039
	320,041	26,655	-	346,696	137,798	44,629	-	182,427	164,269
HUMAN RESOURCES									
Payroll Administration	67,080	1,626	-	68,705	26,980	9,863	-	36,843	31,862
People Management	162,580	35,195	-	197,775	63,188	24,532	-	87,720	110,055
	229,660	36,820	-	266,480	90,168	34,395	-	124,563	141,917
INFORMATION TECHNOLOGY									
Information Technology	2,412,755	145,036	-	2,557,791	1,761,129	192,886	-	1,954,015	603,776
	2,412,755	145,036	-	2,557,791	1,761,129	192,886	-	1,954,015	603,776

APPENDIX C
CACADU DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
30 JUNE 2007

FUNCTIONAL AREA	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE
	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	
OTHER ADMINISTRATION									
Auxiliry Services	646,652	11,627	-	658,279	354,086	67,695	-	421,780	236,499
Legal Services	19,423	-	-	19,423	8,958	2,884	-	11,842	7,580
Pool Vehicles - Finance	661,402	-	153,966	507,436	190,775	106,326	53,234	243,866	263,570
Pool Vehicles - Infrastructure	656,690	-	-	656,690	186,177	111,637	-	297,815	358,875
Procurement	27,107	5,339	-	32,447	15,707	8,241	-	23,947	8,499
Public Relations	24,996	-	-	24,996	15,719	1,660	-	17,379	7,617
	2,036,270	16,967	153,966	1,899,271	771,422	298,442	53,234	1,016,629	882,641
PROPERTY SERVICES									
Estates Head Office	51,394,807	166,051	1,125,002	50,435,856	2,251,442	556,869	20,000	2,788,312	47,647,545
	51,394,807	166,051	1,125,002	50,435,856	2,251,442	556,869	20,000	2,788,312	47,647,545
RIETBRON ADMINISTRATION									
Rietbron Administration	80,806	4,250	-	85,056	13,009	7,913	-	20,922	64,134
	80,806	4,250	-	85,056	13,009	7,913	-	20,922	64,134
RIETBRON LOCAL AREA									
Estates Head Office	1,142,854	-	-	1,142,854	90,328	22,582	-	112,910	1,029,944
	1,142,854	-	-	1,142,854	90,328	22,582	-	112,910	1,029,944
RIETBRON									
DMA	578,000	-	-	578,000	-	-	-	-	578,000
	578,000	-	-	578,000	-	-	-	-	578,000
DMA									
DMA	478,829	-	-	478,829	180,532	70,933	-	251,465	227,364
	478,829	-	-	478,829	180,532	70,933	-	251,465	227,364
	58,674,022	395,779	1,278,968	57,790,833	5,295,829	1,228,649	73,234	6,451,244	51,339,589
HEALTH SERVICES									
Other									
Environmental Health H/O	195,872	154,200	116,002	234,070	50,468	31,221	3,051	78,637	155,433
	195,872	154,200	116,002	234,070	50,468	31,221	3,051	78,637	155,433
HOUSING									
Housing Services	145,115	-	-	145,115	85,924	14,991	-	100,915	44,200
	145,115	-	-	145,115	85,924	14,991	-	100,915	44,200

APPENDIX C
CACADU DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
30 JUNE 2007

FUNCTIONAL AREA	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE
	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	
PLANNING AND DEVELOPMENT									
Development Facilitation									
Infrastructure Services	19,629	6,873	-	26,502	8,766	3,922	-	12,688	13,814
Local Economic Development	13,119	-	-	13,119	2,026	2,046	-	4,072	9,047
Strategic Planning	250,781	15,489	-	266,271	68,458	33,655	-	102,113	164,158
Town Planning	155,160	-	-	155,160	52,203	27,493	-	79,695	75,465
Other									
Special Projects - Infrastructure	93,679	3,358	-	97,037	48,482	12,399	-	60,881	36,156
Pimms									
Pimms	245,022	-	-	245,022	145,106	36,809	-	181,915	63,107
	777,391	25,721	-	803,111	325,041	116,323	-	441,364	361,747
PUBLIC SAFETY									
Disaster Management	2,510,923	114,396	2,000	2,623,319	955,103	337,943	2,000	1,291,046	1,332,273
	2,510,923	114,396	2,000	2,623,319	955,103	337,943	2,000	1,291,046	1,332,273
ROAD TRANSPORT									
District Management Area									
DMA	183,474	-	-	183,474	62,381	15,595	-	77,977	105,498
Rietbron Roads									
Rietbron Roads	450,754	-	-	450,754	184,156	46,039	-	230,195	220,558
Roads									
Transport, Roads & Capacity	43,543	-	-	43,543	24,656	4,621	-	29,277	14,266
	677,771	-	-	677,771	271,194	66,255	-	337,449	340,322
WATER									
Rietbron Water Scheme									
Rietbron Water Scheme	191,974	-	-	191,974	54,766	15,524	-	70,291	121,683
Water Distribution									
Water Authority	66,320	-	-	66,320	37,903	9,433	-	47,336	18,984
	258,294	-	-	258,294	92,670	24,957	-	117,627	140,667

APPENDIX C
CACADU DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
30 JUNE 2007

FUNCTIONAL AREA	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE
	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	
COMMUNITY SERVICES									
Other									
Special Projects - Youth	8,386	-	-	8,386	368	1,501	-	1,869	6,517
Rietbron Local Area									
Library	12,750	-	-	12,750	2,720	680	-	3,400	9,350
	21,136	-	-	21,136	3,088	2,181	-	5,269	15,867
SANITATION, REFUSE AND SEWAGE									
Rietbron Sanutation/Sewage									
Rietbron Sanutation/Sewage	20,000	-	-	20,000	6,800	1,700	-	8,500	11,500
Rietbron Sanutation/Sewage									
Rietbron Sanutation/Sewage	30,000	-	-	30,000	10,200	2,550	-	12,750	17,250
	50,000	-	-	50,000	17,000	4,250	-	21,250	28,750
TOTALS	65,882,303	950,100	1,436,308	65,396,095	8,063,596	2,171,890	112,326	10,123,161	55,272,934

APPENDIX D

CACADU DISTRICT MUNICIPALITY: SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R
20,297,439	12,651,026	7,646,413	Executive and Council	793,943	12,799,449	(12,005,506)
34,190,644	12,584,438	21,606,206	Finance and Administration	75,337,914	27,263,006	48,074,908
4,066,509	1,503,527	2,562,982	Planning and Development	8,460,075	16,618,714	(8,158,639)
570,047	3,466,830	(2,896,783)	Health	7,348,555	10,479,670	(3,131,115)
-	-	-	Community and Social services	3,285,574	4,223,060	(937,486)
-	8,317,808	(8,317,808)	Housing	9,967,880	10,386,952	(419,072)
1,014,253	2,151,771	(1,137,518)	Public safety	2,781,336	5,258,273	(2,476,937)
-	-	-	Sport and Recreation	779,888	1,051,277	(271,389)
-	-	-	Environment Protection	-	-	-
-	-	-	Waste Management	397,331	337,026	60,305
-	-	-	Waste Water Management	5,618,049	5,618,049	(0)
-	716,008	(716,008)	Road Transport	9,478,631	10,737,578	(1,258,947)
652,896	477,529	175,368	Water	3,954,702	4,844,045	(889,343)
-	-	-	Electricity	27,601	68,327	(40,726)
2,835,263	7,542,519	(4,707,256)	Other	1,143,846	1,332,211	(188,365)
1,027,838	1,027,838	-	Rietbron	-	-	-
1,393,964	1,393,964	-	District Management Area	-	-	-
755,000	374,880	380,120	PIMS	-	-	-
18,536	160,012	(141,476)	KDA	-	-	-
66,822,390	52,368,150	14,454,240	Sub Total	129,375,325	111,017,636	18,357,689
-	(127,051)	127,051	Less Inter-Departmental charges	-	(2,133,275)	2,133,275
66,822,390	52,241,099	14,581,291	TOTAL	129,375,325	108,884,361	20,490,964

APPENDIX E(1)
CACADU DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

	Actual 2007	Budget 2007	Variance R	Variance %	Explanation of Significant Variances Greater than 10% versus Budget
REVENUE					
Regional Services Levy- Turnover	4,682,140	-	(4,682,140)	100	Income not budgeted for
Regional Services Levy- Remuneration	2,285,722	-	(2,285,722)	100	Income not budgeted for
Rental	811,120	800,000	(11,120)	1	-
Investment Interest	18,138,072	16,200,000	(1,938,072)	12	Reserves higher than expected during the year
Other Interest	375,003	106,500	(268,503)	252	Interest in outstanding levy debt higher than expected
Income for agency services	88,536	40,000	(48,536)	121	Higher than expected income for IT Bureau and payroll services
Government grants and subsidies	98,003,962	326,766,564	228,762,602	-70	Flood relief funds received late in the financial year
Tariffs and Charges	196,716	87,300	(109,416)	125	Administration in Reitbron improved resulting in more reliable data
Property Rates	27,134	30,000	2,866	-10	-
Other income	4,754,703	36,618,137	31,863,434	-87	Contribution from a surplus not utilitised and budgeted contributions from creditor funds not utilised
Gains on disposal of property, plant and equipment	12,218	-	(12,218)	100	Income not budgeted for
Total Income	129,375,325	380,648,501	251,273,176	-66	
EXPENDITURE					
Employee related costs	25,993,250	29,392,562	3,399,312	-12	Vacant positions not filled
Remuneration of Councillors	3,646,310	3,194,300	(452,010)	14	Increase in remuneration for office bearers
Contribution to bad debt provision	(1,339,961)	-	1,339,961	-100	Writdown of bad debt provision, not budgeted for
Bad debts written off	54,913	1,500,000	1,445,087	-96	Lower than expected contribution required
Collection costs	331,565	235,000	(96,565)	41	Linked to collection rate of RSC Levies
Depreciation	2,171,890	741,900	(1,429,990)	193	Recalcation of depreciation based on revised useful live of assets
Repairs and maintenance	1,301,181	1,512,050	210,869	-14	Repairs to office buildings lower than expected
Interest on External Borrowings	282,263	-	(282,263)	100	Finance charges on leased vehicles budget under General Exp - leases
Contracted services	2,270,223	3,147,300	877,077	-28	Savings
Grants and Subsidies paid	46,152,901	278,158,740	232,005,839	-83	Slow expenditure on projects
General expenses-other	28,386,837	70,997,044	42,610,207	-60	Savings in general expenditure and slow expenditure on self funded projects
Provision for post retirement benefits	1,700,000	1,200,000	(500,000)	100	Higher than expected provision required
Loss on disposal of property, plant and equipment	23,071	-	(23,071)	100	Unplanned expenditure
Cross subsidisation	43,191	261,545	218,354	-83	Lower than expected contribution required
Interdepartmental Charges	(2,133,275)	(2,195,800)	(62,525)	-3	-
Total Expenditure	108,884,361	388,144,641	279,260,280	-72	
NET SURPLUS/(DEFICIT) FOR THE YEAR	20,490,964	(7,496,140)	(27,987,104)		

APPENDIX E(2)

CACADU DISTRICT MUNICIPALITY: CAPITAL EXPENDITURE ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

	2007 Total Additions R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
INFRASTRUCTURE ASSETS					
Car Parks			-		
Street Lighting	-				
OTHER ASSETS			-		
Buildings	-		-		
Office Building	-	15,000,000	15,000,000		Relocation to Jeffreys Bay in planning fase.
Computer equipment	485,476	590,000	104,524	82.28%	
Computer Hardware	485,476	590,000	104,524	82.28%	Computer Equipment not requiered.
Furniture and fittings	59,838	59,900	62	99.90%	
Office Machines	5,999	6,000	1	99.99%	
Chairs	24,358	24,400	42	99.83%	
Tables/Desks	6,619	6,500	-119	101.83%	
Cabinets/Cupboards	20,422	20,500	78	99.62%	
Miscellaneous	2,440	2,500	60	97.58%	
Motor vehicle	116,002	-	-116,002		Vehicle written off. Insurance claim
Motor Vehicles	116,002	-	-116,002		
Office equipment	34,123	35,100	977	97.22%	
Office Machines	15,484	16,100	616	96.18%	
Miscellaneous	18,639	19,000	361	98.10%	
Specialised plant and equipment	254,661	240,000	-14,661	106.11%	
Miscellaneous	166,051	150,000	-16,051	110.70%	Upgrade of PA system in Council Chambers.
Compressor	4,250	5,000	750	85.00%	
General	84,359	85,000	641	100.76%	
Grand Total	950,100	15,925,000	14,974,900		

CACADU DISTRICT MUNICIPALITY
APPENDIX F
CONDITIONAL GRANTS AND RECEIPTS

DESCRIPTION	UNSPENT BALANCE 1 July 2006	CONTRIBUTIONS/ ADJUSTMENTS	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30 June 2007
CAPACITY BUILDING FOR COUNCILL	-	-	170,000	12,408	-	-	-	182,408
GOAT FARMING AT IKHWEZI LM	100,000	-	200,000	7,577	99,446	-	-	208,131
DROUGHT RELIEF	1,339,175	-	-	-	887,456	-	-	451,719
LIBRARIES - MUNICIPALITIES	96,806	-	5,189,000	291,302	2,951,453	-	-	2,625,656
MAYOR'S SPECIAL PROJECTS	48,123	-	-	3,448	12,969	-	-	38,602
DISASTER MANAGEMENT	3,416,393	-	3,000,000	389,181	2,773,014	-	-	4,032,560
FINANCE MANAGEMENT GRANT	2,224,163	-	500,000	-	1,132,978	290,167	-	1,301,017
HIV/AIDS ATICCS	265,386	-	-	-	-	-	265,386	0
HIV/AIDS NGO/CBO CAPACITY BUILDING	63,022	-	-	-	-	-	63,022	0
HIV/AIDS DISTRICT AIDS COUNCIL	13,976	-	-	-	-	-	13,976	(0)
HIV/AIDS LABORATORY SERVICES	12,718	-	-	-	-	-	12,718	(0)
HIV/AIDS NGO FUNDING	14,492	-	-	-	-	-	14,492	0
HIV/AIDS MEDICATIONS	1,688,439	-	-	-	1,688,439	-	-	(0)
HIV/AIDS LSA ACTIVITIES	696,277	-	-	-	695,964	-	313	0
HIV/AIDS HOME BASED CARE KIT	15,144	-	-	-	-	-	15,144	(0)
HIV/AIDS HOME BASED CARE KIT TOP	273	-	-	-	-	-	273	0
IDP - CACADU	-	-	800,000	17,488	-	-	-	817,488
IKWEZI LIBRARY	109,752	-	-	3,779	89,525	-	-	24,006
MUNICIPAL SYSTEM IMPROVEMENT GRANT	2,444,465	-	1,000,000	228,388	1,297,499	-	-	2,375,354
IDP SUPPORT GRANT FOR LM'S AND DM'S	2,564,078	-	600,000	226,148	849,141	-	-	2,541,085
RESTRUCTURING GRANT	26,708,157	-	-	-	3,666,200	-	-	23,041,957
STEYTLERVILLE SPORT FIELD	1,000,000	-	-	89,400	15,136	-	-	1,074,264
AMBULANCE SUBSIDY	1,874,628	-	131,221	128,121	1,370,566	-	-	763,404
SPACIAL DEVELOPMENT FRAMEWORK- DHLG & TA	63,666	-	-	-	63,666	-	-	(0)
IDP/LDO	422,502	-	-	37,772	-	-	-	460,274
ECSECC	75,000	-	75,000	-	-	-	150,000	-
INTER-GOVERNMENTAL RELATIONS	157,670	-	-	14,096	-	-	-	171,766
LONGMORE FLOWER TRAIL	40,000	-	-	-	40,000	-	-	-
ENON	18,449	-	-	1,649	-	-	-	20,098
HOUSING PROJECTS	1,612,743	-	10,191,660	-	7,339,643	-	2,663,219	1,801,541
HONEYBUSH TEA	134,808	-	-	12,052	-	-	-	146,860
PEOPLES HOUSING PROJECT	7,774,908	-	4,079,466	646,979	1,063,006	-	2,912,217	8,526,130
RURAL ACCESS ROADS	101,773	-	-	9,099	-	-	-	110,872
TOURISM PLANS - DEAT	240,000	-	-	21,456	-	-	-	261,456
MULTI PURPOSE COMMUNITY CENTRE	34,092	-	-	3,048	-	-	-	37,140
ECONOMIC GROWTH AND DEV STRATEGY - DFID	245,900	-	-	-	245,900	-	-	-
THORNHAM - WATER SUPPLY	86,190	-	-	7,705	-	-	-	93,895
MUNICIPAL GRANT LED	1,000,000	-	-	84,020	112,000	-	-	972,020
YOUTH CENTRE - SOMERSET EAST	244,621	-	-	21,869	-	-	-	266,490
IKWEZI YOUTH DEVELOPMENT	244,157	-	-	20,249	136,063	-	-	128,343
IKWEZI - HARDWOOD FARM	1,164,940	-	-	90,312	699,099	-	-	556,153
IKWEZI FINANCIAL AID	75,970	-	-	-	75,970	-	-	(0)
NDLAMBE DISABILITY SPECIAL PROJECTS	102,168	-	-	7,705	36,936	-	-	72,938
PASSENGER TRANSPORT PLANS AND FACILITIES	2,389,492	-	1,000,000	241,497	457,858	-	-	3,173,131
ELECTION ELECTIONS	105,754	-	-	-	-	-	-	105,754

CACADU DISTRICT MUNICIPALITY
APPENDIX F
CONDITIONAL GRANTS AND RECEIPTS

DESCRIPTION	UNSPENT BALANCE 1 July 2006	CONTRIBUTIONS/ ADJUSTMENTS	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30 June 2007
PLANNING AND RUDIMENTARY SERVICES	423,428	-	-	36,001	244,100	-	-	215,329
PILOT HOUSING PROJECT - ADDO	658,241	-	-	58,847	-	-	-	717,088
PILOT HOUSING PROJECT THORNHILL	24,315	-	-	2,174	-	-	-	26,489
DISTRICT WIDE PROJECTS - EX TRC	385,662	-	-	-	108,756	-	-	276,906
LAND SURVEY PROJECTS	-	-	908,000	62,928	41,500	-	-	929,428
SPATIAL PLANNING PROJECTS	-	-	700,000	45,178	75,000	-	-	670,178
DEPT AGRICULTURE; DEV A SPAC	427,500	-	-	-	427,500	-	-	-
KIRKWOOD TRC - ADDO (I.D.P.)	97,679	-	-	8,732	-	-	-	106,411
MULTIANNUAL ACTION PLANS - MAAP	9,578,857	-	1,701	-	1,016,588	-	-	8,563,970
MIG	8,849,616	-	1,342,183	-	6,605,695	-	-	3,586,104
DEPT OF SPORT, RECREAT. ARTS AND CULTURE	28,384	-	3,625	-	32,009	-	-	(0)
PUBLIC WORKS PROJECTS	1,072,885	-	-	-	-	-	-	1,072,885
DISABILITY EMPOWERMENT PROGRAM	26,076	-	-	2,331	-	-	-	28,407
DWAF PURCHASE OF A NEW COMPUTOR	1,133	-	-	-	-	-	1,133	(0)
BUILDING FOR SPORT AND RECREATION .	1,217,800	-	-	88,050	732,743	-	-	573,107
VALUATION PROJECTS	-	-	2,300,000	102,339	1,875,374	-	-	526,965
BLUE CRANE ROUTE: MUNICIPAL FINANCE IT	-	-	200,000	-	118,590	-	-	81,410
BLUE CRANE ROUTE: MUNICIPAL FINANCE AFS	-	-	150,000	8,420	123,690	-	-	34,730
BLUE CRANE ROUTE: MUNICIPAL FINANCE MENTOR	-	-	150,000	6,283	41,540	-	-	114,743
LED STRATEGY SMME	-	-	317,000	17,858	-	-	-	334,858
VINHANZO BAARTMAN (BURSARY)	-	-	2,200	-	1,540	-	-	660
THUMEKA TONI	-	-	2,700	-	1,890	-	-	810
FLOOD DAMAGE ROADS	-	-	11,400,000	-	9,012,457	-	-	2,387,543
SRV - HAWKERS FACILITIES	-	-	200,000	4,556	-	-	-	204,556
KOUKAMMA - WOODLAND FLOWER PROJECT	-	-	500,000	11,389	-	-	-	511,389
BCR - MISTY MOUNTAIN FLOWER PROJECT	-	-	290,000	-	290,000	-	-	-
CACADU DISTRICT GROWTH & DEV S		-	200,000	-	-	-	200,000	-
CMTP - LAND AVAILABILITY AUDIT		-	400,000	7,348	-	-	-	407,348
RAIN HARVESTING		-	3,000,000	45,557	-	-	-	3,045,557
FREE BASIC STRATEGY - LM'S		-	328,000	18,478	-	-	-	346,478
TOTAL	83,821,846	-	49,331,755	3,143,217	48,548,898	290,167	6,311,892	81,145,861